

109TH CONGRESS  
2D SESSION

# H. R. 5027

To amend the Internal Revenue Code of 1986 to provide a credit against tax proportional to the number of million British thermal units of natural gas produced by a high Btu fuel facility.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 28, 2006

Mr. JINDAL introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit against tax proportional to the number of million British thermal units of natural gas produced by a high Btu fuel facility.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Landfill Gas Act of  
5       2006”.

6       **SEC. 2. CREDIT FOR PRODUCTION OF NATURAL GAS.**

7       (a) ALLOWANCE OF CREDIT.—Subpart D of part IV  
8       of subchapter A of chapter 1 of the Internal Revenue Code

1 of 1986 (relating to business related credits) is amended  
2 by inserting after section 45M the following new section:

3 **“SEC. 45N. CREDIT FOR PRODUCTION OF NATURAL GAS.**

4 “(a) IN GENERAL.—For purposes of section 38, in  
5 the case of a taxpayer, the amount of the natural gas pro-  
6 duction credit determined under this section for a taxable  
7 year is equal to the product of—

8 “(1) \$2, multiplied by

9 “(2) the million British thermal units of nat-  
10 ural gas produced by the taxpayer at a high Btu fuel  
11 facility during the taxable year.

12 “(b) REDUCTION IN CREDIT AMOUNT AS NATURAL  
13 GAS PRICES INCREASE.—For purposes of this section, on  
14 the first day of the production month following the date  
15 on which the spot price of natural gas delivered at Henry  
16 Hub, Louisiana, on average, exceeds \$6 per million British  
17 thermal units for 30 consecutive trading days, the \$2  
18 amount under subsection (a) shall be reduced (but not  
19 below zero) by an amount which is equal to the amount  
20 by which such spot price exceeds \$6 per million British  
21 thermal units.

22 “(c) HIGH BTU FUEL FACILITY.—For purposes of  
23 this section—

1           “(1) IN GENERAL.—The term ‘high Btu fuel fa-  
 2           cility’ means a facility that produces high Btu bio-  
 3           mass fuel.

4           “(2) HIGH BTU BIOMASS FUEL.—The term  
 5           ‘high Btu biomass fuel’ means fuel produced from  
 6           biomass (as defined in section 45K(c)(3)) that—

7                   “(A) contains no more than 7 pounds of  
 8                   water per million standard cubic feet,

9                   “(B) contains not less than 95 percent  
 10                  methane per volume, and

11                  “(C) has a Btu content of at least 950 per  
 12                  square cubic feet.

13           “(d) OTHER RULES TO APPLY.—Rules similar to the  
 14           rules of paragraphs (1), (3), (4), and (5) of section 45(e)  
 15           shall apply for purposes of this section.”.

16           (b) CREDIT TO BE PART OF GENERAL BUSINESS  
 17           CREDIT.—Subsection (b) of section 38 of such Code (re-  
 18           lating to general business credit) is amended by striking  
 19           “and” at the end of paragraph (29), by striking the period  
 20           at the end of paragraph (30) and inserting “, and”, and  
 21           by adding at the end the following new paragraph:

22                   “(31) the natural gas production credit deter-  
 23                   mined under section 45N(a).”.

24           (c) CONFORMING AMENDMENT.—The table of sec-  
 25           tions for subpart D of part IV of subchapter A of chapter

1 1 of such Code is amended by inserting after the item  
2 relating to section 45M the following new item:

“Sec. 45N. Credit for production of natural gas.”.

3 (d) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to the production of natural gas  
5 in taxable years beginning after December 31, 2006.

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